

February 16, 2016

VIA EMAIL

British Columbia Utilities Commission
6th Floor - 900 Howe Street
Vancouver, BC V6Z 2V3

Attention: Erica Hamilton, Commission Secretary

Dear Sirs/Mesdames:

Re: Negotiated Settlement Process - 2016 Cost of Service Study (including rate class segmentation, in particular BC Hydro's street lighting rate class proposal)

We are representing the Zone II Ratepayers Group (Zone IIRPG), a registered intervener in the BC Hydro Rate Design Application (RDA). Our clients are BC Hydro Zone II ratepayers whose interests and rates will be impacted by this proceeding.

In response to the Commission Panel's requests included in Exhibit A-18 dated February 11, 2016, ZonellRPG have the following comments:

- 1. Confirmation from the parties who intend to participate in the settlement discussions (time and place indicated in Attachment A);**

ZonellRPG will participate in the settlement discussions and be represented by Linda Dong and Lloyd Guenther.

- 2. Submissions from registered interveners on BC Hydro's submission in its letter dated January 21, 2016. Specifically, BC Hydro states that those Commission staff identified by the Chair at the commencement of the procedural conference should be established by the Panel as Active Participants for any F2016 COS NSP in accordance with Part IV, section 1(iv) (a) of the NSP Guidelines;**

ZonellRPG is concerned about the implications of designating Commission staff as Active Participants and the involvement of Commission staff in the proceeding.

3. Comments on the specific issues related to the COSS and rate class segmentation including the street lighting rate class proposal that parties wish to have addressed in the NSP.

At this time, ZonellRPG have identified the following issues related to the COSS and rate class segmentation, including the street lighting rate class proposal, that may be addressed in the NSP. This list of issues is not meant to be definitive.

- F2016 COSS methodology changes as compared to 2007 RDA Decision (Table 3-1, Exhibit B-1)
- Details of the F2016 COSS allocations are not available and/or have not been fully explored
- Order-in-Council No. 405 implications for the F2016 COSS, rate design and any endorsement at this time given the lack of in-depth review and any effect on rate design
- F2019 COSS as the appropriate time for:
 - A comprehensive review and decision or endorsement
 - Exploration of new rate design options when the current restrictions are lifted
- Review of SMI costs, benefits and allocations
- Review of energy supply costs in the COSS and specifically line losses and NIA diesel costs

4. Comments on the facilitator, Liisa O'Hara.

ZonellRPG supports the Commission Panel's recommendation of the facilitator, Liisa O'Hara.

Sincerely,



Linda Dong